

DIRECT TESTIMONY OF
GRETCHEN C. POOL
ON BEHALF OF
THE SOUTH CAROLINA OFFICE OF REGULATORY STAFF
DOCKET NOS. 2021-89-E AND 2021-90-E

1 **Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND OCCUPATION.**

2 A. My name is Gretchen C. Pool. My business address is 1401 Main Street, Suite 900,
3 Columbia, South Carolina 29201. I am employed by the State of South Carolina as a
4 Regulatory Analyst of Energy Efficiency and Renewables in the Utility Rates and Services
5 Division of the Office of Regulatory Staff (“ORS”).

6 **Q. PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE.**

7 A. I received my Bachelor of Arts in Corporate Communication from the College of
8 Charleston in 2001. For more than 15 years, I held a variety of positions at SCANA
9 Corporation and its subsidiary, South Carolina Electric & Gas Company (now known as
10 Dominion Energy South Carolina, Inc.) where I worked in the areas of customer service,
11 legal bankruptcy, energy efficiency and demand side management program
12 implementation and analyses, and corporate and public education. I joined ORS in my
13 current role in April 2020.

14 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE PUBLIC SERVICE**
15 **COMMISSION OF SOUTH CAROLINA (“COMMISSION”)?**

16 A. No. I am pleased to present my first testimony to the Commission today in these
17 dockets.

Q. WHAT IS THE MISSION OF ORS?

A. ORS represents the public interest as defined by the South Carolina General Assembly to mean:

[T]he concerns of the using and consuming public with respect to public utility services, regardless of the class of customer and preservation of continued investment in and maintenance of utility facilities so as to provide reliable and high-quality utility services.

Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY IN THIS PROCEEDING, AND HOW DOES YOUR DIRECT TESTIMONY REPRESENT THE PUBLIC INTEREST?

A. The purpose of my direct testimony is to set forth the results of ORS's examination of Duke Energy Carolinas, LLC's ("DEC") and Duke Energy Progress, LLC's ("DEP") (collectively, the "Companies" and, individually, a "Company") compliance with certain sections of the South Carolina Energy Freedom Act ("Act 62" or the "Act"). I also support the recommendations resulting from ORS's review of the Companies' filings in this docket. Ultimately, the using and consuming public (the Companies' customers) will pay for the costs of avoided energy and capacity as provided under the Companies' respective Fuel Adjustment Clauses. By reviewing the Companies' avoided cost methodologies and the resulting avoided energy and capacity rates to ensure compliance with applicable statutes and Commission Orders, my direct testimony represents the public interest.

Q. WERE THE REVIEW AND ANALYSES PERFORMED BY YOU OR OTHERS UNDER YOUR DIRECT SUPERVISION?

A. Yes. The review and analyses to which I testify were performed by me or others under my direct supervision.

Q. DID ORS RETAIN ANY EXPERT WITNESSES FOR THIS PROCEEDING?

A. Yes. ORS retained one expert witness for this proceeding: Brian Horii, a Senior Partner with Energy and Environmental Economics, Inc. ("E3").

Q. WHAT IS THE PURPOSE OF ORS WITNESS HORII'S DIRECT TESTIMONY IN THIS PROCEEDING?

A. The purpose of Witness Horii's direct testimony is to discuss E3's analysis of the Companies' standard offers, avoided cost methodologies, form contract PPAs, commitment to sell forms, and corresponding terms and conditions. All forms, including terms and conditions, were reviewed for compliance with the Act, regulations and orders promulgated by the Federal Energy Regulatory Commission ("FERC"), the Public Utility Regulatory Policies Act of 1978 ("PURPA"), and industry standards. E3 also examined the Companies' integrated resource plans and the avoided energy and capacity cost calculations as proposed by the Companies and contained in the direct testimonies of the Companies' Witnesses Glen Snider and David B. Johnson. Details of these analyses and examinations are contained in the direct testimony of Witness Horii.

Q. UNDER ACT 62, WHAT ELEMENTS INFORMED YOUR REVIEW OF THE COMPANIES' FILINGS?

A. ORS relied on the requirements provided in Section 58-41-20(A) of Act 62. Specifically, that section states:

Any decisions by the commission shall be just and reasonable to the ratepayers of the electrical utility, in the public interest, consistent with PURPA and the FERC's implementing regulations and orders, and nondiscriminatory to small power producers; and shall strive to reduce the risk placed on the using and consuming public.

1 In addition, ORS relied on Section 16 of the Act which states,

2 Notwithstanding another provision of this act, or another provision of
3 law, no costs or expenses incurred nor any payments made by the
4 electric utility in compliance or in accordance with this act must be
5 included in the electrical utility's rates or otherwise borne by the general
6 body of South Carolina retail customers of the electrical utility without
7 an affirmative finding supported by the preponderance of evidence of
8 record an conclusion in a written order by the Public Service
9 Commission that such expense, cost or payment was reasonable and
10 prudent and made in the best interest of the electrical utility's general
11 body of customers.

12 **Q. WHAT DOES SECTION 58-41-20(A) OF ACT 62 REQUIRE?**

13 A. The Act requires, and the Companies' filings include, the following items for each
14 Company:

- 15 1) Standard Offers;
- 16 2) Avoided cost methodologies;
- 17 3) Form power purchase agreements ("PPA");
- 18 4) Commitment to sell forms; and
- 19 5) Other terms and conditions necessary to implement this section of Act 62.

20 **Q. WHAT DOES ACT 62 REQUIRE FOR NON-STANDARD OFFER PPAs?**

21 A. The non-standard offer PPAs are required to contain provisions, including, but not
22 limited to, provisions for force majeure, indemnification, choice of venue, and
23 confidentiality. In addition to these provisions, the Companies' non-standard offer PPAs
24 also address various generation technologies and other project specific characteristics, such
25 as energy storage. The Companies' non-standard offer PPAs do not specify any
26 predetermined contract price or length of contract term.

Q. ON PAGE 6 OF HIS DIRECT TESTIMONY, COMPANY WITNESS SNIDER DESCRIBES THE COMPANIES' INTERPRETATION OF PURPA'S "MANDATORY PURCHASE OBLIGATION." WHO PAYS THE COSTS FOR THIS OBLIGATION UNDER PURPA?

A. PURPA provides QFs the right to interconnect with the Companies' electrical grid and requires the Companies to purchase the QFs' energy and capacity at the Companies' "avoided cost." The energy and capacity costs paid by the Companies to QFs ultimately are paid by all customers on an annual basis under the Companies' respective Fuel Adjustment Clauses pursuant to S.C. Code Ann. § 58-27-865. Therefore, it is of vital importance that the avoided cost methodologies employed by the Companies and the resulting avoided energy and capacity rates fully, fairly, and accurately reflect and account for costs avoided or incurred by the Companies in accordance with Section 58-41-20(B)(3) of Act 62. Witness Horii addresses the avoided cost methodologies and the resulting calculations in his direct testimony.

Q. DOES ORS HAVE AN OBJECTION TO THE MODIFICATIONS PROPOSED BY THE COMPANIES TO THE STANDARD OFFER TARIFFS, SCHEDULE PPs, LARGE QF TARIFFS, OR NOTICE OF COMMITMENT TO SELL FORM?

A. No. ORS reviewed the proposed modifications and did not find any instances where the modifications would degrade the Companies' ability to provide reliable service or shift costs unfairly or unnecessarily in excess of the avoided costs or costs to serve the Companies' customers.

1 **Q. WHAT IS THE PROPOSED EFFECTIVE DATE FOR THE STANDARD OFFER**
2 **TARIFFS?**

3 A. The proposed effective date for the Standard Offer Tariffs is April 22, 2021.

4 **Q. DID THE COMPANIES RECOMMEND ANY CHANGES TO THE SOLAR**
5 **INTEGRATION SERVICE CHARGES (“SISC”)?**

6 A. No. As set forth in the Partial Settlement Agreement approved by the Commission
7 on January 2, 2020, in Order No. 2019-881(A), the Companies continue to engage in an
8 independent technical review with stakeholders led by Astrapé Consulting. The Companies
9 continue to provide updates to this Commission on a regular basis regarding the progress
10 on revisions to the SISC.

11 **Q. DOES ORS RECOMMEND MODIFICATIONS TO THE COMPANIES’ FILINGS?**

12 A. Yes. ORS recommends a change to modify the summer allocation of generation
13 capacity costs for DEC. DEC proposes that 11% of the generation capacity cost be
14 allocated to the summer season based on DEC’s 2018 Value of Solar Capacity study;
15 however, the updates, improvements, and more recent data in DEC’s 2020 Resource
16 Adequacy (“RA”) study do not appear to have been given proper consideration. Based on
17 the 2020 RA study, ORS recommends that DEC adopt a summer allocation of generation
18 capacity of 5% instead of 11%. Witness Horii addresses the ORS proposed modification
19 in greater detail in his direct testimony.

1 **Q. WILL YOU UPDATE YOUR DIRECT TESTIMONY BASED ON INFORMATION**
2 **THAT BECOMES AVAILABLE?**

3 A. Yes. ORS fully reserves the right to revise its recommendations via supplemental
4 testimony should new information not previously provided by the Companies or other
5 sources become available.

6 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

7 A. Yes.